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STATE FOR ISN/CPI KEVIN MCGEEHAN, EUR/WE VALERIE BELON,  
INR, T, NEA

SENSITIVE  
SIPDIS

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TAGS: [EFIN](#) [ETTC](#) [KNNP](#) [SW](#)

SUBJECT: SWEDES SAY NO BAN ON SELLING INSURANCE TO IRISL, BUT SALE  
NOT LIKELY IN NORDIC MARKET

REF: STATE 108151

¶1. (SBU) Summary. Swedish government officials said that EU rules prohibit Sweden from following the UK's ban on the sale of protection & indemnity insurance to certain Iranian entities, but note that the Nordic market insurance sellers are unlikely to sell to Iranians for business reasons. End Summary.

¶2. (SBU) Econoffs delivered requested reftel points on November 3 on the possibility that the Islamic Republic of Iran Shipping Lines (IRISL) and Iranian Bank Mellat would seek protection & indemnity (P&I) insurance coverage from a seller (club) in the Nordic Market. In response, the Swedish MFA Sanctions Coordinator, Ambassador Per Saland emphasized Sweden's position that sanctions, which include insurance matters, are a matter of EU competence. Sweden has very limited capacities to apply sanctions outside of the EU forum. He refrained from saying that the UK ban amounted to a violation of EU procedural law because he is unclear as to whether the UK has some sort of exemption. He also said as a practical matter there is no possibility for the Swedish government to intervene informally either.

¶3. (SBU) Johan Schelin, a noted legal scholar on maritime insurance matters currently on temporary assignment as a special advisor to the Ministry of Justice and Chair of both the Swedish EU Presidency's Working Party on Land Transport and the Working Party on Shipping, was also present at the November 3 demarche and added some important context. Schelin explained that Sweden is required to provide liability insurance under the international convention, absent special legislation from the Swedish parliament. However, Schelin noted that two factors make it unlikely that a Nordic market P&I club would sell to the Iranians. First, although the Nordic P&I market is the second largest in the world, following the UK market, a strong degree of cabal-like cooperation exists between members of the International P&I Group. Schelin considered it unlikely that a Nordic P&I club would take unfair advantage of the UK clubs by selling to the Iranians. Second, Schelin believes that a Nordic Market P&I club is unlikely to risk its reputation by selling to a known violator like IRISL.

¶4. (SBU) Schelin surmised that the Nordic P&I clubs already knew about the specific issues with IRISL and Iranian Bank Mellat detailed in reftel. He said that the most effective way of tapping into the P&I club grapevine would be to liaise with the International P&I Group in London or the regional Nordic P&I organization group in Oslo.

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